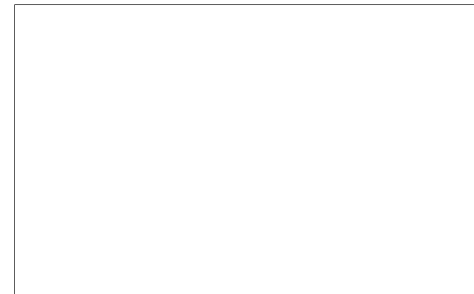




Director of
Central
Intelligence

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CY# 285

National Intelligence Daily

Friday
15 July 1983

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CPAS NID 83-165JX

15 July 1983

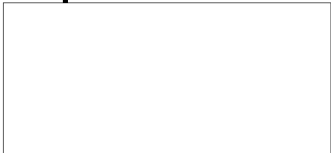
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Contents

USSR: Andropov's Capacity for Leadership	1
USSR: Hard Currency Trade Deficit Increases	2
<div></div>	
Chad: More Government Gains	4
Zaire-Chad: Implications of Intervention	5
OPEC: Impending Reevaluation of Quotas	6
Bahrain-US: Amir's Visit	7
<div></div>	
Chile: Prospects for a Dialogue	9
Lebanon: Attack on Lebanese Army Unit	10
<div></div>	
Poland: Legislation To Retain Controls	11
EC: OECD Proposal on Export Credit Rejected	11

25X1

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25X1

Special Analysis

USSR: Training Programs for Developing Countries	13
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15 July 1983

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USSR: Andropov's Capacity for Leadership

General Secretary Andropov, in his direct meetings with foreign visitors, gives an impression of intellectual discipline and leadership that overshadows any signs of physical infirmity. [REDACTED]

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Since early last month, Andropov has appeared in public at least once each week. He is scheduled to meet with Hungarian leader Kadar in Moscow next week. This contrasts with the first five months of this year, when he remained out of public view for several weeks at a time following his speeches or meetings with foreign visitors. [REDACTED]

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The increased pace of Andropov's public appearances could represent an effort to counter rumors of ill health circulating among members of the Central Committee and in Western media. A Soviet party official told newsmen in Paris two weeks ago that Andropov was receiving numerous foreigners to make it apparent that he is able to work effectively. [REDACTED]

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East European leaders customarily met with Brezhnev during his annual summer vacations in the Crimea. If Andropov meets them in Moscow, he may intend for the sessions to have more of a businesslike appearance. [REDACTED]

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Soviet Hard Currency Trade With Selected Countries*(Million US \$)*

	Jan-Mar 1982			Jan-Mar 1983		
	Exports	Imports	Balance	Exports	Imports	Balance
Total	6,358	7,600	-1,242	5,994	7,979	-1,985
Developed Countries	5,215	6,406	-1,191	5,262	6,512	-1,250
US	33	1,371	-1,338	76	736	-660
Developing Countries	1,143	1,194	-51	732	1,467	-735

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USSR: Hard Currency Trade Deficit Increases

The USSR's hard currency position deteriorated in the first quarter of this year, when the hard currency trade deficit climbed to nearly \$2 billion, as compared with \$1.2 billion during the same period last year. []

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Soviet statistics show that exports earning hard currency fell by about 6 percent, primarily because of a \$500 million reduction in sales to Iraq. The value of exports to the developed Western countries was about the same as in the first quarter of 1982. []

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Hard currency imports, however, rose by 5 percent as a result of increased purchases of pipe and pipeline-related machinery and equipment. The value of imports from the major suppliers for the gas export pipeline—France, Italy, and West Germany—increased by 32 percent. []

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The value of imports from the US dropped by nearly 50 percent. The decline more than offset the increase in the value of agricultural imports from hard currency suppliers other than the US. []

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Comment: Increases in exports other than oil evidently offset a drop in the value of oil sales, which was caused by the decline in the price of oil. Oil prices are still soft, and it is too early to determine how they will affect the USSR's hard currency position by the end of the year. []

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The decline in the value of trade with the US is primarily caused by reduced imports of grain and soybeans during the first quarter. The improved prospects for Soviet agriculture this year suggest that agricultural imports will remain lower than those of 1982. []

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CHAD: More Government Gains

President Habre's forces are continuing to advance in the east with the help of French military aid, and much-needed food and fuel are arriving in N'Djamena. [redacted]

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Government troops have reoccupied the town of Biltine, some 100 kilometers north of Abeche, and are moving to eliminate pockets of resistance north of the city. Chadian officials estimate that there could be as many as 1,500 dissident troops still in the area between Abeche and Oum Chalouba. [redacted]

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On Wednesday trucks carrying 420 tons of UN-supplied food and fuel arrived in the capital. The trucks crossed the Nigerian border, which was officially reopened early this week. [redacted]

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Meanwhile, the OAU Summit Bureau meets today in Addis Ababa to discuss the conflict. Ethiopian leader Mengistu is chairman of the Bureau. [redacted]

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Comment: Habre's forces probably will continue to advance until the dissidents regroup and get fresh supplies farther north. Direct intervention by Libyan forces appears unlikely for now, but Libyan leader Qadhafi probably will continue to threaten to use his forces, hoping to discourage French and African support for Habre. [redacted]

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The OAU Summit Bureau is likely to condemn foreign intervention in Chad. It probably will stop short of naming specific countries, however, because it wants to protect Ethiopia's ties to Libya and the close relations between some Bureau members and France. [redacted]

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African diplomats in Addis Ababa doubt that the meeting will contribute to a settlement. They evidently believe that concerned Africans have run out of ideas for dealing with Chad. [redacted]

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ZAIRE-CHAD: Implications of Intervention

Zaire's growing involvement in the conflict in Chad reflects President Mobutu's desire to show strong support for another pro-Western regime and to demonstrate that he is a major participant on the African scene. [redacted]

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Kinshasa's military contingent in Chad now totals close to 1,000 men. Many of them are helping to protect N'Djamena, [redacted]

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Zaire sent three Mirage fighters to N'Djamena on Wednesday.

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There is limited evidence of opposition in Mobutu's government to Zaire's role in Chad. [redacted]

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Comment: The Zairian troops and aircraft may not play a decisive role, but their presence probably helps to improve the morale of Habre's forces. Many of the Zairian soldiers are from a French-advised brigade based in Kinshasa that is among the country's better trained and disciplined units. [redacted]

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Mobutu apparently is confident that the absence of these troops will not jeopardize the security of his regime. In the event of trouble at home, he could still count on other elements of the brigade and on his elite, Israeli-trained presidential brigade for protection. [redacted]

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The President probably can contain domestic criticism of the intervention, even if there are significant numbers of Zairian casualties. He continues to dominate politics, the Army, and the media. [redacted]

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Mobutu is likely to count on financial and material assistance from France and the US to help defray the costs of the operation. He probably believes his actions will enable him to build an image of cooperation with the West that he can parlay into increased Western economic and political backing. [redacted]

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OPEC: Impending Reevaluation of Quotas

OPEC's oil ministers will convene their semiannual meeting in Helsinki on Monday amid industry forecasts that a rebound in demand will enable the cartel to relax output restrictions later in the year.

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In the past two months OPEC crude oil production has risen to a level just below the ceiling of 17.5 million barrels per day established last March. General compliance with the production quotas and pricing guidelines has been largely responsible for stabilizing the market. Spot prices for most OPEC crudes are now near official prices.

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The conference will be preceded by a short session of the four-member Monitoring Committee that has been overseeing producer compliance with individual quotas. Nigeria, which industry sources indicate will ask for a higher ceiling, has already been called to task by the Committee for overproducing. Indonesia and the United Arab Emirates also were close to 100,000 barrels per day over their quarterly ceilings.

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The most contentious issue appears to be selection of a new secretary general. Both Iran and Iraq are lobbying hard for their candidates.

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Comment: The ministers are likely to approach the meeting with caution. Saudi Arabia is opposed to an increase in OPEC's production ceiling at this time because it could result in several members producing too much too soon. If demand picks up as expected to about 19 million barrels per day in the fourth quarter, however, a special ministerial meeting probably will be convened to discuss new quotas.

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Nigeria is likely to be lightly reprimanded for overproduction. Algeria and Libya probably will push for the Nigerians to raise their prices by 50 cents per barrel, in line with the other African crudes.

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The choice of the new secretary general will be difficult. Although most members would prefer a compromise candidate, an Iranian could be chosen if the others believed his selection would secure Tehran's cooperation on future production and pricing questions.

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Amir Isa of Bahrain

Age 50 . . . has ruled since 1961 . . . popular with Bahrainis for his accessibility and generosity . . . values the US as a reliable and discreet ally . . . has a quick mind and a keen sense of humor.

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BAHRAIN-US: Amir's Visit

Amir Isa hopes his visit to Washington next week will cement already close bilateral relations and be viewed in the region as evidence of a US commitment to his regime. [REDACTED]

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Comment: The Amir's delegation is composed chiefly of economic and financial advisers, reflecting his interest in trade, oil, banking, and technology transfer issues. Only about 15 percent of Bahrain's nonoil trade is with the US, and the US Ambassador in Manama believes that Isa may want to expand trade contacts.

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Isa is president of the six-nation Gulf Cooperation Council, and he may be looking for expressions of US support for the Council's efforts to end the war between Iran and Iraq. According to a press report, Isa also will raise the issue of the withdrawal of foreign forces from Lebanon. [REDACTED]

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The Amir knows little of military matters and evidently believes that his son, Crown Prince and Defense Minister Hamad, took care of most outstanding military business during his visit to Washington in early April. According to the Ambassador, however, Isa would welcome US agreement on a date for the beginning of joint security consultations, an announcement of US willingness to sell Bahrain advanced interceptor aircraft, and an invitation for Hamad to view the Bright Star military exercise in August in the Middle East. [REDACTED]

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Manama has been host to the US Navy's Middle East Force since 1949. Bahrain recently agreed to increased US naval access and to a limited stockpiling of equipment for the US Air Force, but it wants to avoid publicizing the relationship. [REDACTED]

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The Bahrainis suspect that the US offer of a state visit for the Amir so soon after Hamad's visit may mean that Washington will seek expanded military cooperation. Isa views Bahrain's military ties with the US as a barrier to adventurism by Iran, the USSR, and Arab radicals in the region, but he worries that their further expansion would provoke increased criticism from domestic opponents and Tehran. [REDACTED]

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CHILE: Prospects for a Dialogue

The third national protest on Tuesday reestablished the momentum of the opposition and improved the climate for a dialogue between the government and the opposition, but it probably will not persuade President Pinochet to make major concessions.

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The government's curfew held down street demonstrations, but moderate political leaders were pleased with the other manifestations of opposition. They also are encouraged by their ability to dissuade leftists from carrying out extensive acts of violence.

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Comment: Pinochet has demonstrated that he is still in command. Nonetheless, his increasing reliance on arrests of prominent political figures, curfews, Army patrolling, and other unpopular measures is a tacit admission that routine controls are inadequate.

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The lower level of violence and entreaties from the Pope and several West European governments probably will improve the climate for dialogue on the opposition's proposals and timetables for transition to civilian rule. Although a refusal to negotiate would increase polarization, Pinochet may judge that he can weather the current level of protests. He may decide to concentrate on thwarting efforts of opposition groups to unite and stage more widespread protests.

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Over the next several weeks leaders of the antigovernment labor and political coalitions probably will continue their efforts to achieve close cooperation, to try to enlist conservative support, and to prepare for more massive national demonstrations. The largest protest is likely to occur around 11 September, the 10th anniversary of the overthrow of the Allende government.

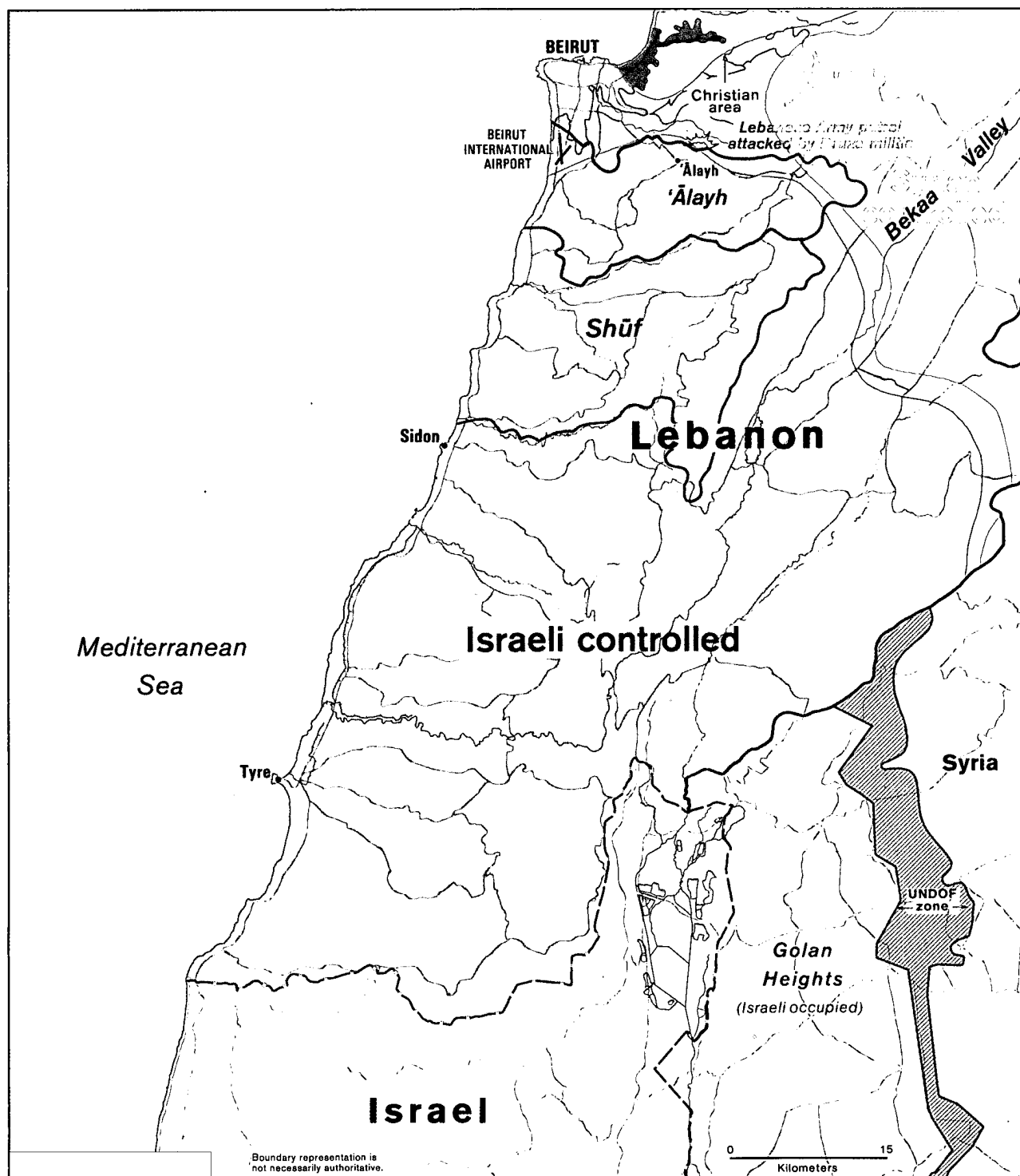
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15 July 1983

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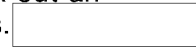
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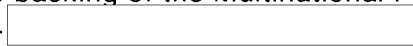
LEBANON: Attack on Lebanese Army Unit

The attack yesterday near Alayh on a Lebanese Army patrol by Druze militia, in which several soldiers were wounded, may help convince the government of the urgent need to work out an agreement with the rival Druze and Christian militias.

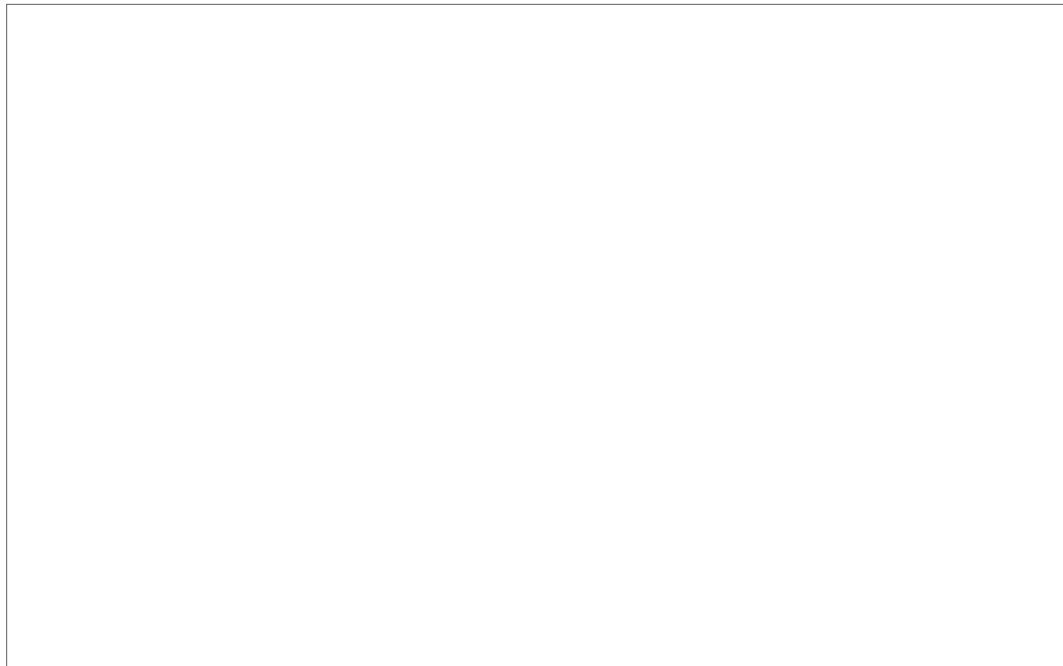


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Comment: The patrol probably was reconnoitering areas where the Lebanese Army will deploy following an Israeli pullback. Walid Junblatt—leader of the Druze—has said he would oppose any deployment by the Army into the predominantly Druze Shuf and Alayh districts unless the Christian Lebanese Forces militia withdraws its troops from the area. President Gemayel is likely to use the incident to support his argument that the Lebanese Army needs more time and the backing of the Multinational Force before it can replace the Israelis.



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POLAND: Legislation To Retain Controls

The parliament yesterday considered constitutional changes that would give the regime new legal means to deal swiftly with unrest. One amendment would give the head of state authority to declare a state of emergency in the event of a domestic crisis. Bills reorganizing the Ministry of Interior and establishing new regulations for the press also were presented. Parliamentary sources say these proposed changes, which are to become law next Thursday, will be followed by legislation retaining most of the martial law restrictions on the economy. []

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Comment: The state of emergency amendment gives the regime a way to invoke special powers on the national or local level without having to reimpose martial law. The new press law presumably will toughen the more liberal censorship law that was passed during the period Solidarity was influential in the parliament. Premier Jaruzelski will use the changes in the Ministry of Interior to establish more central control over local police officials, some of whom have acted on their own against protesters. Maintaining tight control over the economy will impede progress toward economic reform. []

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25X1**EC: OECD Proposal on Export Credit Rejected**

France and Italy on Monday blocked a US-backed compromise for revising the OECD export credit arrangement. At the meeting of EC finance ministers, France continued to demand that minimum interest rates be reduced by between 1.0 and 1.5 percentage points, allowing cheaper government-backed export credits. The compromise proposal had called for much smaller reductions and reflected US desires to adopt market interest rates for government-backed credits. The Community issued a communique requesting extension of the existing arrangement until 31 October and recommending new OECD negotiations before the end of September. []

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Comment: The other countries probably will agree to the extension. France is dissatisfied with the EC Commission's handling of the negotiations and suggests that it will try to give the EC finance ministers greater control over future negotiations. Paris would like to work through its own minister to continue to block US efforts to eliminate government subsidies on export credits. []

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**Students From Developing Countries
in the USSR, 1972-82**

Thousand
persons

60

50

40

30

20

10

1972 73 74 75 76 77 78 79 80 81 82

**Soviet Military and Quasi-Military
Personnel in Developing Countries,
1970-82**

Thousand
persons

20

18

16

14

12

10

8

6

4

2

1970 71 72 73 74 75 76 77 78 79 80 81 82



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15 July 1983

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Special Analysis

USSR: Training Programs for Developing Countries

The Soviets are training an increasing number of students and military and intelligence personnel in developing countries—both in the USSR and in the countries themselves—as a means of building influence. An estimated 50,000 students were studying in the USSR as of December 1982, an increase of 250 percent over the last decade. Last year approximately 17,500 Soviet military advisory personnel were in developing countries. This is almost twice the number sent abroad 10 years ago. These training programs do not involve personnel from Cuba, Vietnam, or North Korea.

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Moscow has used its training programs to gain access to government, military, and professional groups in 94 developing countries. Soviet trainees include a member of the Sandinista National Directorate in Nicaragua and a number of cabinet ministers and ambassadors. The military training program has had the greatest impact in Syria, Ethiopia, and other countries that depend heavily on Soviet military assistance.

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Student Program

The largest share of Soviet scholarships goes to Marxist-oriented developing countries, which account for about 40 percent of the students in the USSR. The estimated number of Nicaraguan students in the USSR has increased from 130 before the revolution in 1979 to 1,000 in 1982, according to US Embassy reports.

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Officials in the Dominican Republic have expressed concern to the US Embassy there about the number of Soviet-trained Dominicans returning to the country and the positions they are assuming in agriculture, public works, and communications. The US Embassy in Damascus reports that several Soviet-trained Syrians have become deputy ministers and university vice presidents and that many are members of the ruling Ba'th party.

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The Soviets cull the student population residing in the USSR for potential pro-Soviet leaders. They organize students in each school into provisional university committees and give the heads of these committees money to recruit new arrivals. Each committee has a Soviet adviser who is a KGB officer.

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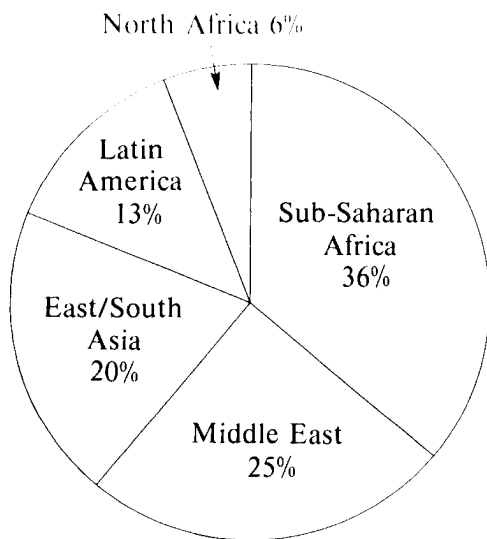
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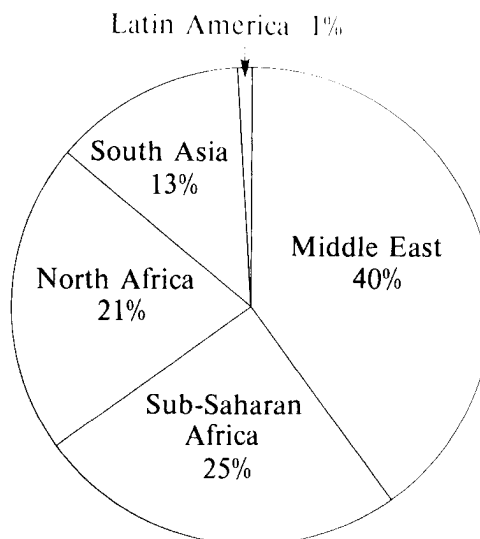
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**Geographic Origins of Students
From Developing Countries in the
USSR in 1982**

50,400 students

**Geographic Distribution of Soviet
Military and Quasi-Military Personnel
in Developing Countries in 1982**

17,500 personnel



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Military and Intelligence Training

Reports from a number of US Embassies indicate that the largest increases in Soviet military advisory and technical personnel over the last decade have been in Syria, Libya, Afghanistan, North Yemen, South Yemen, Algeria, Iraq, Angola, Ethiopia, and Mozambique. About 9,000 military personnel from developing countries were receiving training in the USSR in 1982. This is slightly less than the number of such personnel in NATO countries. [redacted]

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The USSR's military training program has produced some hard currency earnings. Since the mid-1970s, Moscow has required payment in hard currency for Soviet services from financially well-off clients rather than providing grant aid. [redacted]

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Receipts from these clients, especially oil-rich states in the Middle East and North Africa, totaled about \$550 million during 1978-82. This is more than twice the revenues of the previous five years. [redacted]

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Nearly 5 percent of military trainees from developing countries sent to the USSR in 1978-82 were from insurgent and irredentist groups and received conventional military training. [redacted]

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The Soviets have encouraged a demand in developing countries for intelligence and security experts. [redacted]

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Effectiveness

Soviet training programs have had mixed results. [redacted]

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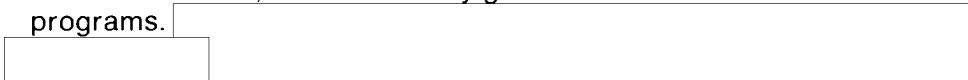
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Nevertheless, Moscow clearly gains more than it loses from these programs.



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